

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 OMB-01 IGA-02 L-03 NIC-01 SAJ-01 IO-14 /116 R

DRAFTED BY EB/IFD/ODF:CKSTOCKER

APPROVED BY EB/IFD:SWEINTRAUB

TREAS:LARSEN

TREAS:ZINMAN

EUR/EE:RCHRISTENSEN

EUR:JAARMITAGE

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P 212316Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 134294

E.O. 11652: N/A

TAGS: EFIN, RO, IBRD

SUBJECT: IBRD LOANS AND DOLLAR BONDS

REF: (A) BUCHAREST 2574 (B) STATE 131100

1. FOLLOWING IS TO BRING YOU UP TO DATE AND TO ELICIT ANY FURTHER REACTIONS FROM YOU OR ROMANIANS. MCNAMARA WILL HAVE TO DECIDE BY MONDAY WHETHER TO CIRCULATE LOAN DOCUMENTS ON TWO MORE ROMANIAN PROJECTS IN ORDER FOR BANK BOARD TO CONSIDER APPLICATIONS IN EARLY JULY WHEN LOWER INTEREST RATE STILL APPLIES. CIRCULATION OF DOCUMENTS IS CRITICAL BECAUSE ONCE THAT POINT IS PASSED, LOANS CANNOT BE EASILY WITHDRAWN AND WE WILL BE FORCED TO TAKE A POSITION. WE ARE DISAPPOINTED BY LACK OF FURTHER RESPONSE BY MACOVESCU.

2. REPORTING ON HIS JUNE 20 MEETING WITH BITULEANU, LISLE (BONDHOLDERS COUNCIL) SAID IT WAS EVIDENT THE
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ROMANIANS HAD NO AUTHORITY TO DO MORE THAN OFFER AN INTER-

IM PAYMENT OF "UP TO 300 THOUSAND DOLS" AND SET THE DATE FOR NEXT ROUND OF NEGOTIATIONS WITH THE COUNCIL ON THE TECHNICALITIES OF THIS INTERIM SETTLEMENT FOR JUNE 27. (WE NOTE THAT THE MAXIMUM OFFER TO LISLE WAS 100 THOUSAND DOLS LESS THAN THE MAXIMUM FIGURE MENTIONED TO AMBASSADOR BARNES BY MACOVESCU (REFTEL A).

3. THE BRITISH HAVE INFORMED US HERE THAT THEY, AS WE, ARE DISTRUSTFUL OF ROMANIAN INTENT FOLLOWING UNSUCCESSFUL NEGOTIATION IN BUCHAREST LAST WEEK. IN FINAL SHOWDOWN, HOWEVER, BRITISH ARE UNLIKELY TO OPPOSE LOANS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, BONDS (SECURITIES), BANK LOANS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE134294
Document Source: CORE
Document Unique ID: 00
Drafter: CKSTOCKER
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740163-0920
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740623/aaaaatbw.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: (A) BUCHAREST 2574 (B) STATE 131100
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2002 by boyleja>; APPROVED <20 FEB 2003 by CollinP0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IBRD LOANS AND DOLLAR BONDS
TAGS: EFIN, RO, IBRD
To: BUCHAREST
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005